

Message Text

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ORIGIN ARA-10

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FM SECSTATE WASHDC
TO AMEMBASSY QUITO PRIORITY

C O N F I D E N T I A L STATE 177609

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LIMDIS

E.O. 11652: GDS

TAGS: MASS, EC

SUBJECT: CHAPARRAL/VULCAN AIR DEFENSE SYSTEM FOR ECUADOR

REF: QUITO 4494

1. REFTEL'S QUESTIONS ARE ANSWERED IN DETAIL BY SEPTTEL,
WITH DATA PROVIDED BY DSAA AND ARMY.
2. FYI BUREAU HAS ALSO TALKED TO FORD AEROSPACE REPRESENTATIVE IN WASHINGTON ABOUT PRICING. HE SAID HE CANNOT COMMENT ON CHARGES ASSESSED BY DOD FOR NON-RECURRING COSTS, ASSEMBLY, TESTING, ADD-ON ITEMS, ETC., BECAUSE ONLY DOD HAS THAT DATA CURRENT. HOWEVER, HE DID NOT SEEM SURPRISED THAT BY THE TIME THE BASIC CHAPARRAL
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MISSILE FROM FORD RECEIVES ADD-ONS AND IS PROCESSED THROUGH THE STEPS REQUIRED BY US LAW AND REGULATIONS IT DOUBLES IN PRICE. HE AGREED THAT ONE CANNOT COMPARE THE AIM-9 WITH THE CHAPARRAL; THEY ARE SIMPLY NOT THE SAME. THE ONLY SIDEWINDER MODEL WHICH COMES CLOSE IS THE AIM-9H MISSILE WHICH, WHEN SOLD TO IRAN, COST ABOUT THE SAME AS THE CHAPARRAL MISSILE.

FORD REPRESENTATIVE STRESSED THAT THE COMPANY HAS TO DEFER TO DOD FOR PRICING ANALYSIS WHICH IS BASED ON A VARIETY OF FACTORS AND DATA NOT AVAILABLE TO FORD.

3. FORD REPRESENTATIVE ALSO NOTED THAT COMPANY DOES NOT PRODUCE CHAPARRAL FOR PRIVATE CUSTOMERS; ALL PRODUCTION IS FOR US ARMY. SALES, THEREFORE, MUST BE BY DOD IN ACCORDANCE WITH US LAW AND REGULATION.

4. FORD REPRESENTATIVE (WHO WAS FULLY CONVERSANT WITH DETAILS OF REFTTEL) SAID HE WAS NOT SURPRISED THAT BRITISH WOULD PUSH RAPIER SYSTEM WITH INVIDIOUS COMPARISON WITH CHAPARRAL. HE NOTED THAT RAPIER HAS ABOUT THE SAME RANGE BUT UNLIKE CHAPARRAL IS AN ALL-WEATHER SYSTEM AND THEREFORE MORE EXPENSIVE. HOWEVER, THE RAPIER MISSILE DOES NOT CONTAIN THE GUIDANCE SYSTEM (IT IS PART OF THE LAUNCHER) AS CHAPARRAL DOES, SO ON BASIS OF COMPARISON OF COSTS OF MISSILES THE LATTER COMES OUT LOOKING MUCH MORE EXPENSIVE.

5. DEPARTMENT IS SYMPATHETIC TO GOE WISH TO SECURE CHAPARRAL/VULCAN AT LOWEST POSSIBLE COST, BUT BELIEVES WE HAVE NO CHOICE BUT TO GO WITH DOD PRICING. CHRISTOPHER

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